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July 29, 1997

Via Facsimile and Federal Express

Department of the Interior
Minerals Management Service
Mail Stop 4700
381 Elden Street
Herdon, Virginia 20170-4817

Attention: Kumkum Ray

Re: Notice of Proposed Rulemaking on G&G Exploration

Dear Mr. Ray:

Zilkha Energy Company appreciates the opportunity to provide comments in response to the February 11, 1997, notice of proposed rulemaking to revise regulations concerning Geological and Geophysical (G&G) Explorations of the Outer Continental Shelf (OCS) (30 CFR 251). Zilkha is a private oil and gas exploration, development and production company operating in the Gulf of Mexico. Zilkha is currently the largest holder of acreage in 0-600 feet of water in the Gulf and uses the most advanced exploration technology available to generate its prospects, including 3-D seismic data, which is often accessed through non-exclusive licenses from geophysical contractors. As such, Zilkha is keenly interested in the impact of this proposed rulemaking.

Zilkha endorses and supports the comments submitted to the MMS by the IAGC and the IPAA. We object to any final rulemaking that would require E&P companies to assume all of the permittees' obligations, and have significant concerns about the increased costs that would result from compliance even with the proposed data disclosure requirements. These increased costs could significantly impact the ability of smaller independent E&P companies to compete effectively in the Gulf.

Again, thank you for the opportunity to provide comments on this NOPR and for the MMS' efforts in meeting with industry representatives on this matter.

Sincerely,



Elizabeth B. Patterson
Oil & Gas Counsel

cc: Brad Juneau, Senior Vice President - Exploration

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